



MEMORANDUM

TO: Dennis Fay
Alameda County Congestion Management Agency

FROM: CJ Strategies

DATE: July 21, 2009

RE: Surface Transportation Legislation Update

Background

The current surface transportation authorization law (SAFETEA-LU) expires on September 30. House Transportation and Infrastructure Committee Chairman Jim Oberstar's (D-MN) top priority has been to pass a new six year bill before the current authorization expires. Although somewhat delayed from his initial timeline, the T&I Subcommittee on Highways and Transit did mark up a proposal in June. At the same time, the Administration put forth a proposal to extend the current law by 18 months. The Senate is moving forward with an 18-month extension.

In addition to the September 30 deadline, the Highway Trust Fund will face a shortfall in August. Congress has to act before the August recess in order to transfer funds from the general treasury for the fund to remain solvent.

House

Chairman Oberstar's six year authorization proposal would provide \$450 billion for surface transportation programs and an additional \$50 billion for high-speed rail: including \$337.4 billion for the highway program, \$99.8 billion for public transportation and \$12.6 billion for highway and motor carrier safety.

The bill restructures surface transportation planning by eliminating more than 75 programs, and consolidates the majority of highway funding into four categories: repairing highways and bridges; improving highway safety; developing new and improved capacity; and reducing congestion and greenhouse gases. The legislation would create a National Infrastructure Bank to pay for projects that improve mobility in metropolitan areas, advance high-speed rail initiatives, and fund projects of national significance. While funding will be included for member earmarks and funding formulas, a large portion would be tied to meeting performance benchmarks.

The full committee was hoping to mark up the bill before the August recess. However, it must wait until after the Ways and Means Committee acts on the revenue title. The

Committee's Subcommittee on Select Revenue Measures held one hearing on infrastructure financing in June. It will hold another hearing this Thursday on various financing options. Chairman Oberstar will testify at that hearing.

Chairman Oberstar is opposed to an extension and is continuing to move ahead with a long-term bill, arguing that a short-term extension does not offer states the same funding certainty that a long-term authorization achieves.

Administration

As noted above, the Administration is pushing for an 18-month extension of current law. The Department of Transportation sent a memo on July 1 to congressional committees stating that the Highway Trust Fund will need \$20 billion to remain solvent through March 2011. The department proposed borrowing \$20 billion from the Treasury's general fund, to be repaid over 10 years, but it did not recommend specific spending cuts or revenue raisers to offset the funding over the coming decade.

The memo also included several reforms the administration would like to include in the extension. It calls for \$300 million to help states and metropolitan planning organizations evaluate their transportation systems and would also provide \$10 million to help DOT "develop performance goals and establish guidelines for states and localities on project evaluation." The document also proposes helping states and localities develop guidelines for projects that promote livability, which could mean tying transportation to business and housing development or integrating more walking and biking paths.

Senate

Chairwoman Boxer supports an extension, but does not want to include any reforms in a short-term measure, stating that reforms could only endanger the measure's passage before the August recess. Boxer's Environment and Public Works Committee approved a clean 18-month extension of current highway programs at existing funding levels on July 15. The draft bill would authorize about \$41 billion in 2010 and \$20.5 billion in 2011 for highway programs.

The Senate Finance Committee will have to approve a transfer of about \$20 billion from the General Treasury to keep the trust fund solvent as well as find offsets before an extension can be sent to the White House. Senate Finance Chairman Max Baucus (D-MT) is currently proposing \$22 billion for the Highway Trust Fund and \$4.8 billion for the Mass Transit Account. This is a split of 82/18 which preserves the current funding ratio for highways and transit.

The Senate Commerce Committee marks up an extension of the safety programs under its jurisdiction today. That bill would then be merged with the EPW Committee's extension, a similar 18-month authorization the Banking Committee is drafting for the transit title, and Baucus' financing package.